

# BONDED INDEBTEDNESS

Fiscal Year 1972

	Bonds Outstanding 6/30/71	%	Bonds Issued During Year	%	Bonds Redeemed During Year	%	Interest Paid During Year	%	Bonds Outstanding 6/30/72	%	Bonds Authorized But Unissued 6/30/72*	%
<b>GENERAL OBLIGATION BONDS:</b>												
General Construction Bonds.....	\$193,886,879.00	27	\$ 50,480,000.00	25	\$ 17,120,805.00	35	\$ 7,854,306.87	25	\$226,246,074.00	26	\$324,332,068.55	33
Local Purpose and Other Bonds.....	273,655,000.00	38	13,223,000.00	6	11,566,000.00	24	11,365,633.75	36	275,312,000.00	31	207,564,093.40	21
General Public School Construction Bonds.....	205,653,000.00	29	94,920,000.00	47	16,406,000.00	34	9,660,035.00	31	284,167,000.00	33	371,105,000.00	37
State Agency and Political Subdivision Bonds.....	47,637,121.00	6	45,417,000.00	22	3,603,195.00	7	2,552,111.25	8	89,450,926.00	10	92,250,000.00	9
<b>TOTAL GENERAL OBLIGATION BONDS.....</b>	<b>\$720,832,000.00</b>	<b>100</b>	<b>\$204,040,000.00</b>	<b>100</b>	<b>\$ 48,696,000.00</b>	<b>100</b>	<b>\$ 31,432,086.87</b>	<b>100</b>	<b>\$876,176,000.00</b>	<b>100</b>	<b>\$995,251,071.95</b>	<b>100</b>
<b>DEPARTMENT OF TRANSPORTATION OF MARYLAND (Specific Tax Revenue Bonds)</b>												
Consolidated Transportation Bonds.....	\$ 246,700,000.00	91	\$ 28,350,000.00	100	\$ 21,200,000.00	90	\$ 8,293,375.00	84	\$ 225,500,000.00	82	\$225,254,000.00	100
**State Highway Construction Bonds.....	24,903,000.00	9	28,350,000.00	100	2,447,000.00	10	1,533,640.00	16	50,806,000.00	18	.....	.....
County Highway Construction Bonds.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
<b>TOTAL LIMITED OBLIGATION BONDS.....</b>	<b>\$271,603,000.00</b>	<b>100</b>	<b>\$ 28,350,000.00</b>	<b>100</b>	<b>\$ 23,647,000.00</b>	<b>100</b>	<b>\$ 9,827,015.00</b>	<b>100</b>	<b>\$276,306,000.00</b>	<b>100</b>	<b>\$225,254,000.00</b>	<b>100</b>

\*Included in General Obligation Bonds Authorized but unissued at 6/30/72 is \$445,585,500.00 authorized by the General Assembly during the 1972 Session.

\*\*Statutory authorization for issuance of County Highway Construction Bonds expired at June 30, 1968. Additional authorization, for a Second Issue was enacted by the Legislature effective July 1, 1969. The First Series of the Second Issue was issued September 1, 1970 and Second Series was issued December 1, 1971. County Highway Construction Bonds may be issued for any County so long as debt service requirements for the issue does not exceed one half the County's annual allocation of Highway User Revenue.

The tax supported Public Debt of the State of Maryland is divided into two major categories: General obligation bonds that carry the full faith and credit of the State; and limited obligation bonds issued by the Department of Transportation (formerly State Roads Commission) and payable out of highway revenue. Both of these categories of bonds are redeemed over a period of fifteen years and are well served by dedicated revenues. However, under the 1964 legislative enactment of the Hospital Construction Loan, participating voluntary non-profit hospitals are to repay these loans in the State over a period of forty years and the funds necessary to cover the resultant difference between bond redemption and loan repayment are obtained from the State's property tax levy.

Other enactments by the General Assembly have authorized repayable loans for Area Development, Airport Redevelopment, and Sanitary Facilities and Sewer Construction. These loans are to be repaid to the State over periods from 15 to 30 years. Of the total bonds outstanding at 6-30-72 \$60,912,000 is represented by loans that will be repaid to the State.

Along with the authorizations of the Outdoor Recreation Land Loan of 1969, the General Assembly enacted an additional one-half of one percent upon every written instrument conveying Title to Real Property offered for record and recorded in the State for redemption of principal and interest on Bonds issued under the program "Open Space".

General Obligation Bonds are further categorized and secured by revenues as follows:

A. General Construction Bonds and Local Purpose Bonds representing 57% of the Bonds outstanding are fully secured by the revenue from the State Real and Personal Property Taxes.

B. General Public School Construction Bonds including State Public School Construction and Capital Improvement Bonds representing 33% of the Bonds outstanding, are secured as follows:

1. Payment of principal and interest on bonds issued by the State prior to January 1, 1958 is made by the Counties and Baltimore City to the State from local taxes levied.

2. Payment of principal and interest on bonds issued by the State on or after January 1, 1958 is made through deductions by the Comptroller of the Treasury from funds due said Counties and Baltimore City under the applicable provisions of State Law relating to the Income Tax, and Tax on Racing, the Recordation Tax, the Tax on Amusements, the License Tax and School Building Construction Aid Program. These payments are to be made within fourteen years from the date of the issuance of the Bond Certificates.

3. Effective June 1, 1971, legislation was passed by the General Assembly whereby the State assumed the costs of all future public school construction; and also provided that the State would assume the costs of principal and interest payments for public school construction loans incurred by the Counties and Baltimore City prior to June 30, 1967. Funding for these future costs as well as principal and interest costs on the State Public School Construction and Capital Improvement Loans passed by legislature in 1971 and 1972 is provided through General Fund Appropriations made to the Department of Education in the School Building Construction Aid Program and transferred to the Annuity Bond Fund Account.

4. If there is not enough revenue from sources indicated on paragraph one, two and three above to cover principal and interest, the difference must be included by the State in the Real and Personal Property Tax levy.

C. State Agency and Political Subdivision Bonds, representing 10% of the Bonds outstanding are secured as follows:

1. On bonds issued covering construction for the Motor Vehicles Administration (formerly the Department of Motor Vehicles) payment of principal and interest is made to the State from fines and other receipts of the Motor Vehicle Administration. While in prior years Bonds issued for construction for the Maryland State Police were similarly secured, legislature passed by the General Assembly in 1971 authorized all Debt Service on Capital Improvements for the Maryland State Police to be paid from the Annuity Bond Fund thereby requiring these bonds to be serviced by the State Property Tax.

2. On bonds issued for the Maryland Port Administration (formerly the Maryland Port Authority), payments of principal and interest is made to the State from  $\frac{1}{4}$  of 1% distribution of Corporation Income Tax.

3. On bonds issued covering construction for the Department of Employment Security, payment of principal and interest is made to the State from annual rent received from the United States Department of Labor.

4. If there is not enough revenue from sources indicated in paragraphs one through three above to cover principal and interest, the difference must be included by the State in the Real and Personal Property Tax levy. All monies received from the State Real and Personal Property Taxes and all payments received from State Agencies and Political Subdivisions as outlined above are placed in the Annuity Bond Fund which is set up with a separate account for each Bond Act enacted by the General Assembly. All principal and interest on General Obligation Bonds is paid from this fund.

State and County Highway Bonds are limited obligation bonds and are repayable from specified tax revenues. These bonds fall into two classifications and are secured by revenues as follows:

A. State Highway Construction Bonds

The principal and interest on these bonds is paid from the following sources:

1. That portion of the proceeds of the excise tax on the issuance of certificates of Title to motor vehicles as is represented by a rate of 3% of the fair market value of motor vehicles.

2. That portion of the 65% share of the Gasoline and Motor Vehicle Revenue Account of the Transportation Trust Fund as is represented by the proceeds of the gasoline tax imposed at the rate of seven cents per gallon of motor vehicle fuels.

3. That portion of the proceeds of the additional one cent per gallon increase in gasoline taxes imposed by the Laws of Maryland of 1964 and allocated to the Commission.

B. County Highway Construction Bonds

The principal and interest on these bonds is paid from the following sources:

1. The 17 $\frac{1}{2}$ % portion of the seven cents per gallon Gasoline Tax Fund that is distributable to Counties and Municipalities within Counties.

2. The 17 $\frac{1}{2}$ % portion of the Motor Vehicle Revenue Fund that is distributable to Counties and Municipalities within Counties.

Funds necessary to meet the Debt Service Requirements of these Bonds must be transferred, by the Comptroller, to the Sinking Fund set up for their retirement prior to the use of these revenues for any other purpose, or their distribution by the Department of Transportation to the Counties and Municipalities within Counties.